

The
FEDeral Pages
Fuels and Energy Division Programs Monthly Update

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RFG Status:

Health Concerns: While RFG requires a 15% reduction in VOCs and air toxics, there have been complaints of acute adverse health effects, mostly related to oxygenates. Numerous studies, including the most recent from the Wisconsin Department of Health, have been unable to duplicate or confirm the reported adverse effects.

Status: Currently studies are underway to review the existing information available on oxygenates. The Health Effects Institute is evaluating available research on oxygenates. The White House Office of Science and Technology Policy is evaluating information on oxygenated fuels and will develop a document which will be submitted to the National Academy of Sciences for review. Under EPA regulations concerned with the testing of motor fuels and additives, industry will conduct further health research on oxygenates. EPA is in the process of defining what types of health research will be required.

For further information contact: John Brophy (202) 233 - 9068

Opt Out: Areas participating in the RFG program that were not congressionally mandated have the option of opting out of the program. There was no formal opt-out process in the original RFG and anti-dumping rule. Concerns have been raised regarding the potential of disrupting the fuel distribution infrastructure and potential price spikes as a result of uncontrolled opt-outs. This has led to an EPA proposal to establish standardized opt-out procedures.

Status: The proposal was published on June 14, 1995. The comment period closed on August 4, 1995. EPA intends to complete this rulemaking early in 1996.

For further information contact: Mark Coryell (202) 233-9014
Christine Hawk (202) 233-9672

Opt In for Attainment Areas: Ozone non-attainment areas may opt into the RFG program. However no mechanism is in place that clearly allows for opt-in of attainment areas, though some have shown interest. EPA is researching the possibilities for allowing attainment areas to opt-in to the RFG program.

Status: EPA has asked for comments through the proposed opt-out rule and is reviewing the comments received, as well as assessing the extent of state s interest in this issue.

For further information contact: Marilyn Bennett (202) 233-9006

Baselines: Roughly 96% of the refinery baselines have been approved to date. These baselines are necessary to determine compliance with both the RFG program and the anti-dumping program.

Status: Progress on baseline approvals is now dependent on getting adequate information from the refiners in a timely manner.

For further information contact: David Korotney (313) 668-4507

Foreign Refinery Baselines: The U.S. lost the GATT suit by Venezuela and other countries against the Agency in the World Trade Organization. The suit claimed that foreign refiners have been treated unfairly relative to domestic refiners in regards to the production of baselines for RFG and conventional gasoline in the U.S.

Status: The U.S. Trade Representative for the case is currently considering the option to appeal the decision.

For further information contact: Mark Coryell (202) 233-9014

Phase II RFG: On December 8, 1995, the American Petroleum Institute (API) submitted a petition to EPA asking for reconsideration and repeal of the Phase II RFG NOx standard. The API petition raises the same issues API raised during the RFG rulemaking: 1) The Phase II RFG NOx standard is inconsistent with the 1990 Clean Air Act amendments and the 1991 regulatory negotiation; 2) EPA has overstated the air quality benefits of the Phase II RFG NOx standard; and 3) the Phase II RFG NOx standard is not a cost-effective strategy for ozone control. EPA will consider and respond to the petition.

For further information contact: Deborah Wood (202) 233-9249

Overall Outreach: EPA has worked with local governments, industry, and environmental groups to aggressively pursue outreach to show the benefits of RFG. EPA is working on improving the communications between the program office, the regions and state officials and other interested groups to help address issues in a more timely manner.

Status: EPA has prepared a wide variety of outreach material for Phase I RFG and has begun implementing its new outreach strategy. EPA is coordinating with CARB on Phase II outreach issues.

For further information contact: Paul Argyropoulos (202) 233-9004
Geanetta Fields (202) 233-9017

Low RVP Program Status:

- * El Paso, Texas is looking into the viability of a low RVP program which would include Juarez, Mexico. Juarez would be unwilling to participate in the RFG program.
- * Tulsa, Oklahoma is considering adopting a two tiered low RVP requirement program, gasoline with an octane rating of 93 or more would have one standard, while regular and mid grades would have a lower RVP standard.
- * Detroit, Michigan is considering using the provisions found in 211(h) to have a low RVP program, they are currently a 9.0 area, but had violations this past summer.
- * Denver, Co is seeking an extension of their waiver to sell 9.0 psi gasoline in their 7.8 psi required area.

Status: EPA is working with the individual states to provide facts on which to base a decision.

For further information contact: Marilyn McCall (202) 233-9029
Patrick Childers (202) 233-9415

Winter Oxy Program Status:

- * Several Northeast areas have been redesignated to attainment for CO and therefore will not be required to implement the Oxy program this season. The areas include Baltimore, MD, the Washington, D.C. CMSA (VA & MD), and the Philadelphia CMSA (Southern NJ and MD). The Agency signed a letter granting enforcement discretion to these areas on September 29, 1995. The enforcement discretion began when the Regional Administrator signed the direct final rules to redesignate the above areas.
- * The Boston Metro area has also been redesignated for CO.
- * The Agency has approved New Jersey's State Implementation Plan (SIP) for the control of CO. In a final rule, EPA approved a four-month OXY program for the Northern New Jersey portion of the New York-Northern New Jersey-Long Island CMSA. In a related matter, the Agency intervened in the NYMEX vs New Jersey court case and filed a motion to dismiss the case. The court case was dismissed on February 1, 1996.
- * The Raleigh-Durham, NC area issued a temporary rule suspending the program this season and has submitted a SIP revision in order to suspend the program based on erroneous VMT data. This area has been redesignated to attainment as of September 18, 1995. The Regional Administrator signed the proposed rulemaking to approve the SIP revision on

October 27, 1995 and the Agency signed a letter granting enforcement discretion to the state on October 31, 1995..

- * Colorado has submitted a SIP revision to shorten their oxy fuel season by two weeks (last two weeks of February). Colorado has not had a CO exceedance during the last two weeks of February in a number of years and therefore believes that the program can be shortened. The Agency has reviewed Colorado's data and plans to approve the SIP revision

For further information contact: Diane Turchetta (202) 233-9036
Patrick Childers (202) 233-9415

Regulatory Actions:

- * Lead Fuel Ban Rule: Section 211(n) of the CAA prohibits after December 31, 1995 the introduction into commerce for use as a motor vehicle fuel, gasoline containing lead or lead additives. The ban goes into effect whether or not EPA amends its regulations by January 1, 1996 to incorporate the statutory ban. EPA is conducting rulemaking to revise its regulations so as to incorporate the statutory ban, to remove existing regulatory provisions which will no longer be necessary as a result of this ban, and to modify other provisions to reflect the institution of this ban. This rule was promulgated February 2, 1996.

For further information contact: James Caldwell (202) 233-9303
Pat Childers (202) 233-9415

- * Oxygen Cap Rule: Proposal to increase the maximum allowable oxygenate content in RFG during the summer season. Proposal was published on October 5, 1995 .

Status: The final rule regarding the maximum oxygen content of summertime RFG should be completed spring of 1996.

For further information contact: Anne-Marie Pastorkovich (202) 233-9013
Chris Brunner (313) 668-4287

- * Fuel Additive Rule: This rulemaking will propose a number of simplifications to the health-effects testing regulations promulgated in 1994 under the Fuel and Fuel Additive Registration program. Publication of the NPRM is expected near the end of the year.

For further information contact: Jim Caldwell (202) 233-9303

- * Baseline Adjustment Rulemaking: Final RFG rule contained provisions for certain baseline adjustments where compliance would be extremely burdensome with little environmental benefit. After final rule, other situations

were brought to EPA's attention which EPA believed warranted adjustments.

Status: Proposal published August 4, 1995. Included proposed baseline adjustments for JP-4 jet fuel production in 1990, use of extremely low sulfur crudes in 1990 and combination of extremely low sulfur and olefin baseline values. Final rule expected Spring of 1996.

For further information contact: Chris Brunner (313) 668-4287

- * Reduction of Baseline Information to be Published Rulemaking: Final RFG rule specified that a refiner's anti-dumping standards (i.e., baseline exhaust emissions and 125% of baseline sulfur, olefins and T90) would be published. Suit brought by API, Texaco and Star claimed competitive harm could occur. Under settlement, only emissions will still be published. The differences between the standard and the annual compliance value for sulfur, olefins and T90 would be considered nonconfidential.

Status: Final rule published December 20, 1995 (per settlement agreement)

For further information contact: Chris Brunner (313) 668-4287

- * Detergent Additive Rule: A final rule establishing detergent additive certification requirements, and replacing the current interim detergent additive regulations, is expected to be promulgated by March 29, 1996 (court order deadline).

Status: EPA is requesting a 60 day extension on the court-ordered deadline

For further information contact: Judy Gray (313) 668-4231
Jeff Herzog (313) 668-4227

Other Fuels Issues:

- * WSPA Testing Issues - Western States Petroleum Association (WSPA) has brought forward several issues pertaining to RFG standards including expanding the exemption utilized for CARB techniques to include gasoline produced in California, but shipped outside of the states, typically to Reno, Las Vegas and Phoenix. Other WSPA areas of concern include model limits, loss of California exemption, dual compliance requirements for ozone non-attainment RFG areas, predictive model certification, variance protocols, and blend stock accounting.

Status: EPA has met with WSPA and committed to address short term issues on testing, simple RVP model limits,

predictive model and the oxygen standard.

For further information contact: Joe Sopata (202) 233-9034

- * Guam Petition - Guam has petitioned the EPA for a waiver from the conventional gasoline anti-dumping requirements and certain record keeping provisions in the fuel detergents rule. EPA expects to issue a direct final decision shortly.

For further information contact: Marilyn McCall (202) 233-9029

- * Northern Mariana Islands - NM Islands has petitioned the EPA for a waiver from the conventional gasoline anti-dumping requirements and certain record keeping provisions in the fuel detergents rule. EPA is considering the petition.

For further information contact: Marilyn McCall (202) 233-9029

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